Government of
Saskatchewan

2005 - 2006
Annual Report

Saskatchewan
Watershed
Authority

Table of Contents

Minister's Message 2

Chair's Message 3

President's Message 4

Introduction 5

Who We Are 6

2005-2006 Results at a Glance 8

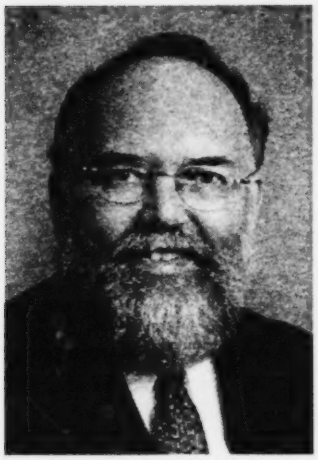
2005-2006 Performance Results 10

Financial Statements 27

Notes to Financial Statements 34

Appendix 40

Minister's Message



Regina, Saskatchewan

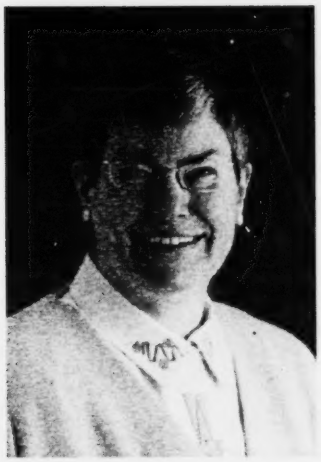
The Honourable Dr. Lynda M. Haverstock
Lieutenant-Governor of Saskatchewan

Your Honour:

I have the honour to submit herewith the Annual Report of the Saskatchewan Watershed Authority for the period ending March 31, 2006, including financial statements for the year audited by the Authority's auditor in a form approved by Treasury Board, all in accordance with *The Saskatchewan Watershed Authority Act.*

John T. Nilson, Q.C.
Minister Responsible
Saskatchewan Watershed Authority
July 29, 2006

Chair's Message



The Honourable John T. Nilson, Q.C.
Minister Responsible
Saskatchewan Watershed Authority

Sir:

I am pleased to submit the Annual Report of the Saskatchewan Watershed Authority for the fiscal year ending March 31, 2006.

Sincerely,

Lily Stonehouse
Chair of the Board
Saskatchewan Watershed Authority

President's Message

Lily Stonehouse
Chair of the Board
Saskatchewan Watershed Authority

Madam:

I am pleased to provide this report on the accomplishments and activities of the Saskatchewan Watershed Authority for the year ending March 31, 2006.

During the reporting period, the Authority made significant progress towards our strategic goals and objectives. Among our accomplishments:

- We significantly advanced the watershed and aquifer protection planning process with the completion of draft plans for the Lower Souris River and Moose Jaw River watersheds. Draft plans were nearing completion for the Assiniboine River watershed and Yorkton aquifer, and good progress is being made in the Upper Qu'Appelle, South Saskatchewan and North Saskatchewan River watershed planning areas.
- We released the State of the Watershed Reporting Framework in January 2006, becoming the first jurisdiction in Canada to create a comprehensive plan for assessing the health of watersheds and aquatic ecosystems.
- We consulted extensively on a water conservation plan for Saskatchewan and expect to publicly release the plan in 2006/07.
- We invested $2,775,650 in the rehabilitation of the province's water management infrastructure and continued our work to identify deterioration and deficiencies that cause safety issues at the Authority's facilities.
- We worked with partner agencies, departments and local authorities to provide a co-ordinated response to flooding of the Saskatchewan River that threatened the Village of Cumberland House and the Cumberland House First Nation.
- We protected endangered species by collecting eggs of the piping plovers threatened by flooding along the shore of Lake Diefenbaker and successfully reared more than 100 birds.

Our accomplishments during the reporting period have moved forward delivery of the Authority's mandate to manage and protect water quantity, source water quality and surrounding ecosystems for Saskatchewan citizens.

Stuart Kramer

Stuart Kramer
President
Saskatchewan Watershed Authority
July 29, 2006

Introduction

This Annual Report describes actual results for the key actions and performance measures published in the 2005/06 Performance Plan, which was released with the Provincial Budget in March 2005. Reporting on actual year end financial and performance results as compared to the Performance Plan enhances public accountability and is consistent with the Government's Accountability Framework.

The Saskatchewan Watershed Authority's 2006/07 Performance Plan was released with the provincial budget on April 6, 2006. All Authority Performance Plans and Annual Reports are available on our website (www.swa.ca/AboutUs/PerformancePlans.asp).

Who We Are

In October 2002, as a result of Saskatchewan's Long-Term Safe Drinking Water Strategy, the Saskatchewan Watershed Authority was formed to manage and protect water quantity and source water quality in Saskatchewan.

Vision

Excellence in Watershed Management
Promoting Safe, Sustainable Water Supplies
in Healthy Ecosystems

Mandate

To manage and enhance the province's water and watershed resources for the environmental, economic and social benefit of citizens

To manage surface water supplies, the Authority owns and operates 45 dams and 130 kilometres of conveyance channels plus ancillary works. The Authority makes significant investments in rehabilitation and upgrading of this infrastructure each year. The Authority provides hydrology expertise to determine water supplies, guide allocations, and predict floods. All major water allocations, including municipal, industrial, irrigation, and intensive livestock uses, must be approved by the Authority. Authority staff also represent Saskatchewan on trans-boundary water issues.

Much of Saskatchewan depends on ground water for domestic, industrial and agricultural uses. To protect this resource, the Authority licenses all but domestic users to ensure new development does not adversely impact existing users, operates the provincial ground water monitoring network, conducts regional ground water mapping and resource assessment and provides information to citizens and industry to help locate ground water supplies.

The Authority's water control program supports agriculture by helping to maintain the productivity of flood prone land and to address water erosion issues. The Authority also hears complaints about drainage causing damage and may rule and enforce remedies, such as ditch blocks.

Watershed and aquifer planning has been initiated in seven high-priority areas to protect source water. The Authority's stewardship and extension programs help landowners improve watershed health through restoration of riparian areas, protection of wetlands and grasslands, and encouragement of management practices, which assist fish and wildlife and protect water sources.

Assessing the health of watersheds is an essential aspect of source water protection. With the January 2006 release of the State of the Watershed Reporting Framework developed by the Authority, Saskatchewan became the first jurisdiction in Canada to create a comprehensive plan to assess the health of watersheds and aquatic ecosystems.

Public support and participation is essential to efforts to protect source water. The Authority therefore works with partners in the Long-term Safe Drinking Water Strategy to deliver education and information programs to create awareness and understanding of water and watershed issues.

To assist the Authority in achieving its goals and objectives, an Advisory Committee (see Appendix 1), with representatives from First Nations, Métis and stakeholder and interest groups throughout the province, brings wide-ranging expertise on source water issues. The committee met three times during the year and provided helpful advice on a number of issues including the development of a water conservation plan, state of the watershed reporting, legislative and regulatory review, drainage and wetlands conservation policy, and dam safety policies and activities.

Legislative Responsibilities

The Saskatchewan Watershed Authority administers and is responsible for the following legislation:

- *The Saskatchewan Watershed Authority Act*
- *The Conservation and Development Act*
- *The Ground Water Conservation Act* (repealed in May 2005 with provisions incorporated within *The Saskatchewan Watershed Authority Act*)
- *The Water Power Act*
- *The Watershed Association Act*

Legislation was introduced in the Spring 2005 session of the Legislature which, among other amendments, repealed *The Ground Water Conservation Act* and incorporated its provisions within *The Saskatchewan Watershed Authority Act*.

Funding Resources

As a Treasury Board Crown Corporation, the Saskatchewan Watershed Authority relies on several revenue sources, including:

- grants from the province's General Revenue Fund
- water rental charges through *The Water Power Act*
- industrial water use charges
- grants from Saskatchewan Environment, Fish and Wildlife Development Fund, and
- contracts with government and non-government agencies and associations, and other sources.

Organization of the Authority

The Saskatchewan Watershed Authority is a Treasury Board Crown Corporation headed by a President reporting to a Board, with a Minister Responsible for the Saskatchewan Watershed Authority. As of March 31, 2006, the one-person Board is Lily Stonehouse, Deputy Minister of Environment. The Minister Responsible for the Saskatchewan Watershed Authority is the Honourable John T. Nilson, Q.C.

At the end of the reporting period, the Saskatchewan Watershed Authority had 194 employees (187.8 Full Time Equivalents). The Authority's head office is located in Moose Jaw, but many services and programs are delivered through its regions and other offices located in Nipawin, North Battleford, Prince Albert, Regina, Saskatoon, Swift Current, Weyburn and Yorkton. The Authority's organizational structure is shown in Appendix 1.

The Corporate and Human Services Division also provides human resources, finance, administration, legal and information systems support to SaskWater on a contractual basis.

2005 - 2006 Results at a Glance

Summary of Performance Results

The goals and objectives in the Authority's 2005/06 Performance Plan articulate the outcomes the Authority is pursuing. The following section provides a summary of key challenges and accomplishments for the Authority in 2005/06.

GOAL 1 - Safe and Sustainable Water Supply

- A series of major rainfalls in Alberta produced significant floods in the Saskatchewan River system. The highest water flows seen in many years created operating challenges to which the Authority responded with flow predictions, operation of Gardiner Dam and provided anticipated water level information to the community of Cumberland House, which was evacuated. The Authority collected eggs from Piping Plover nests threatened by the flooding and raised and released more than 100 of this endangered species.
- Rehabilitation of the Katepwa Lake timber weir was completed, the Pike Lake pump station was significantly upgraded and rehabilitation work carried over from 2004/05 was completed at the Avonlea and Hugonard dams. Planned rehabilitation work at the Lac La Ronge control structure was deferred until 2006 due to abnormally high lake levels throughout the year.
- Engineering and environmental investigations and studies associated with the development of Upper Qu'Appelle River Conveyance Project continued. However, regulatory approvals could not be obtained for several pilot projects to further assess design alternatives and these projects did not proceed.
- Deferred rehabilitation work and the identification of previously unknown deficiencies at some facilities, increased the risk ratio marginally for the Authority's water management infrastructure from 0.141 to 0.145. The number of dams requiring upgrades to meet dam safety criteria decreased from 27 to 26.
- Extensive consultations occurred on the water conservation plan and public release is expected in 2006/07.
- The Authority participated in four separate sets of negotiations with Canada and the Qu'Appelle First Nations to resolve flood claims. Interim agreements allowed operation of the Echo Lake structure during 2005, while the Round and Crooked Lake structures remained open. A pilot project was initiated with one First Nation to develop a water co-management agreement.
- Legislative amendments to the drainage dispute resolution process were passed in 2005, and policy and implementation guidelines and procedures will be completed in 2006.
- Operation of the provincial ground water monitoring network was assumed from the Saskatchewan Research Council and merged into the Authority's existing network.
- Forty-three water use audits were conducted on municipal, industrial and agricultural projects to ensure compliance with water rights conditions and usage allocation.
- The Authority worked with Government Relations to review 89 proposed subdivisions for flood susceptibility.

GOAL 2 - Healthy Watersheds and Aquifers

- A draft Watershed Protection Plan for the Moose Jaw River watershed was completed and is under public review. The Lower Souris River Watershed Plan is progressing ahead of schedule and the final plan will be released early in the new

fiscal year. Planning is also at an advanced stage for the Assiniboine watershed and the Yorkton aquifer, and good progress was made in the Upper Qu'Appelle, South Saskatchewan and North Saskatchewan River watershed planning areas.

- The Authority partnered with SaskPower to collect and assess data to develop an in-stream flow model for the Saskatchewan River downstream of the E.B. Campbell Dam.
- The State of the Watershed Reporting Framework, intended to assess and communicate the health of Saskatchewan's watersheds in an easy to understand report card style format, was released for public comment.
- The Authority worked with its partners to offer Environmental Farm Planning workshops and help 920 producers develop Best Management Practice plans.
- Approximately 15,000 acres of cultivated land was seeded to perennial cover through Authority programming. Potential future benefits to watersheds include reduced soil erosion, reduced sedimentation of surface water bodies, and improved condition of native rangelands.
- Significant progress was made in increasing public awareness of abandoned wells through presentations to environmental farm plan facilitators, the Saskatchewan Water and Waste Water Association and Saskatoon Health District public health inspectors.
- The Authority extended professional certification workshops to 574 educators in the family of Project WILD programs and to 315 educators in the basic Project WET program. This family of environmental education programs is authorized by Saskatchewan Learning and supports the provincial Core Curriculum grades 1-12, in stewardship, biodiversity and sustainability of ecosystems.

Summary of Financial Results

During 2005/06, the Saskatchewan Watershed Authority generated an operating surplus of $4,514,000 compared to a surplus of $142,000 the previous year. Revenues for the current year totaled $27,338,000 (2004/05: $20,200,000) and expenses were $22,824,000 (2004/05: $20,058,000).

Most of the surplus can be attributed to increased revenues collected from SaskPower under *The Water Power Act*. The other increase in revenue relates to third-party funding agreements for stewardship activities. The increase in expenditures is attributed to: increased stewardship activity related to protecting piping plovers along Lake Diefenbaker from spring floods; third-party funding agreements; water management activities undertaken with Canada-Saskatchewan Water Supply Expansion Program funding; and increased activity in the hydrometric program due to wet weather throughout the year.

2005 - 2006 Performance Results

The Saskatchewan Watershed Authority's annual Performance Plan is released with the Provincial Budget documents and is available at our website (www.swa.ca). Performance information is used to assess overall progress towards goals and objectives each year, and assists in setting priorities for the next fiscal year.

The key actions originally presented in our 2005/06 Performance Plan follow, along with a report on actual progress for each. Actual results are included for all key actions and performance measures published in our Plan, as well as for all commitments related to the Saskatchewan Watershed Authority in the government-wide 2005/06 Performance Plan Summary.

Goal 1: Safe and Sustainable Water Supply

Objective 1: *Water Management Infrastructure Is Safe and Meets Operational Requirements*

The Authority operates and maintains 45 water control structures and 130 kilometres of conveyance channels for the province. These works are an essential part of Saskatchewan's water management infrastructure. They control the flow of water to improve water quality, ensure adequate supply, reduce the risk of flood damage, enhance recreation opportunities and maintain aquatic habitat. Four of the dams, Gardiner, Qu'Appelle, Rafferty and Alameda, would have major consequences from downstream flooding, including property damage and risk of loss of life, if they failed. Like all capital assets, these works depreciate and require a continuous investment in maintenance and rehabilitation to ensure their safety and ability to operate to meet the province's needs. The Authority's 2005/06 aggregate expenditure for the water management infrastructure rehabilitation was $2,775,650.

Over 50 per cent of the Authority's structures are 35 years old or more. Not only has their physical condition declined, in many instances the initial criteria used in their design falls well short of today's standards. Furthermore, at the time of project development, potential impacts on fish were not as great a concern as they are today. Aside from the need to ensure structural integrity, fish passageways need to be constructed at some facilities and improved at others.

To assess the safety of the water management infrastructure, the Authority undertakes a number of activities including comprehensive safety inspections, performance monitoring, safety analyses and hydrology reviews. The total cost of the Authority's dam safety program during the reporting period was $380,770.

During 2005/06 the Authority made significant progress through completion of the Katepwa Weir, Pike Lake, Avonlea Dam, and Hugonard Dam rehabilitations. However, weather delayed rehabilitation work at the Lac La Ronge control structure and regulatory approval was not obtained for pilot rehabilitation projects on the Upper Qu'Appelle Conveyance Channel.

Key Result

Proceed with capital expenditures to ensure that water infrastructure is safe and fully operational

Proceed with rehabilitation of Katepwa Lake Timber Weir and the Lac La Ronge Control Structure. [2005 – 2006 planned result]

The Katepwa timber weir at the outlet of Katepwa Lake was constructed in 1958 and significant deterioration of the structure has since occurred. In addition, a large scour hole developed adjacent to the upstream cut-off piling of the structure. In 2005/06 all of the timber decking on the weir was replaced and the scour hole was infilled and armoured. The total cost of this work, not including the cost of the treated timber purchased the previous year, was $550,670.

Safety issues at the Lac La Ronge Control Structure located at the outlet of Lac La Ronge include erosion of the concrete work, deteriorated and damaged radial gate components, and stop log handling facilities, which are labour intensive to operate and pose an excessive safety risk to operators. A $1,268,664 contract was awarded in November 2004 to address these deficiencies. All miscellaneous metalwork including the supply of replacement radial gates was furnished by early summer. On-site construction was initiated in May 2005. A diversion channel to maintain flows in the downstream channel during rehabilitation was operational by late July and will be converted to a fish passageway following project rehabilitation.

Although it was expected that the project would be substantially complete by October 2005, persistent summer rainfall kept Lac La Ronge at record high levels well into the fall despite operating the control structure fully open since late March. Significant property damage around the lake would have resulted had outflows been curtailed to enable structure rehabilitation to proceed. As a result, the Authority directed the contractor to defer work until the 2006 open water season. Project costs incurred during the year were $995,170.

Undertake pump station upgrading at the Pike Lake Project. Complete project rehabilitation work carried over from 2004/05 at Avonlea Dam, Cowan Lake Control Structure and Hugonard Dam. [2005 – 2006 planned result]

The pump station at Pike Lake was upgraded by constructing a new pump house, fabricating a larger capacity pump cart and a manifold for the new dual pump system, and furnishing and installing a new power supply cable for the pumps.

Rehabilitation of the Avonlea Dam was completed at a cost of $417,020. This work included repairing the 1.5 kilometre municipal access road to the project site, installing an asphalt roadway across the dam, and installing cable guard rails along this roadway. The project meets current dam safety requirements.

Repairs were made to the radial gate trunnion anchorages at the Cowan Lake Control Structure. In addition, to enhance public safety, a log boom was acquired and installed upstream of the structure. In late fall, it was noted that some of the metal baffle plates, which had been installed on the downstream apron of the structure, had become dislodged. These plates will be re-affixed in the summer of 2006.

To improve public safety at Hugonard Dam, a metal handrail was installed along the walls of the chute outlet and stilling basin.

Continue design work and environmental assessment for the Upper Qu'Appelle River Conveyance Project. [2005 – 2006 planned result]

Water is released from Lake Diefenbaker into the upper Qu'Appelle River channel for conveyance to Buffalo Pound Lake and downstream. Twenty-five per cent of the province's population, including the cities of Regina and Moose Jaw, as well as numerous industries, irrigators, stock growers and other agricultural users, depend on this water supply. In addition, releases are used to stabilize water levels of lakes along the Qu'Appelle River system for the benefit of recreational users, cottage owners, fish and wildlife.

The conveyance capacity of the uppermost 35 kilometres of this 97 kilometre channel was increased in the mid-1960s to approximately 14 cubic metres per second. However, erosion, siltation, and weed growth reduce the conveyance capacity to less than 8 cubic metres per second in mid-summer. With each passing year, it is becoming more difficult to maintain the channel and, at times, overbank flooding occurs.

In 2005/06, work continued on engineering and environmental investigations and studies to develop a design proposal that would accommodate water demands reasonably anticipated over the next 30 years. A number of pilot projects were proposed for development within the constructed channel reach during the year. Information collected from these projects would help assess design alternatives and ultimately allow for construction of a sustainable project, both from an environmental and engineering perspective. However, the Authority was unable to secure the requisite approvals from the Department of Fisheries and Oceans,

Canada pending further project data and information that was not readily available at the time of the proposed construction. As a result, these projects did not proceed but are proposed for 2006/07. Total project costs for 2005/06 were $318,620.

Plans for 2006/07 include completion of environmental investigations and preparation of a preliminary design proposal. Significant consultation with stakeholders and regulatory agencies will be needed before the project can proceed. Thus, the earliest that construction of this multi-year project could be initiated would be 2008.

Manage the risk associated with water management infrastructure

Complete a dam break analysis of Alameda Dam. [2005 – 2006 planned result]

Dam break analyses, flood mapping studies and incremental consequence classification assessments for both Alameda and Rafferty dams were substantially completed during the year.

Initiate a dam break analysis for the Qu'Appelle River Dam. [2005 – 2006 planned result]

Resources for this initiative were reallocated to substantially complete a dam break analysis for Rafferty Dam.

Prepare an Operation, Maintenance and Surveillance Manual for Avonlea Dam. [2005 – 2006 planned result]

An operation, maintenance and surveillance manual for Avonlea Dam was drafted during the year and will be finalized in 2006/07.

Complete a study assessing the need for provincial dam safety legislation. [2005 – 2006 planned result]

A study assessing the implications of enacting dam safety legislation was completed. Initial consultations were held with the Saskatchewan Watershed Authority Advisory Committee.

Complete a policy to identify opportunities to enhance ecosystem benefits beyond regulatory requirements for new and rehabilitated infrastructure. [2005 – 2006 planned result]

Policy development is underway and will be finalized in 2006/07.

Perform scheduled technical maintenance at 10 dams and comprehensive works inspections at five dams. [2005 – 2006 planned result]

During the year, technical maintenance was undertaken at Gardiner, Qu'Appelle River, Rafferty, Alameda, Theodore, Blackstrap North, Blackstrap South, Buffalo Pound, Northminster, Moose Mountain and Avonlea dams. Comprehensive safety inspections were conducted at Darmody, Dellwood Brook, Moose Mountain, Summercove and Zelma dams.

Measurement Results

The Authority uses two Performance Measures to evaluate progress in upgrading its infrastructure to current standards: *the risk associated with management infrastructure;* and *the number of dams requiring upgrades to meet dam safety criteria.*

Performance Measure	March 2003	March 2004	March 2005	March 2006
1. Risk associated with water management infrastructure The Authority uses a ratio of the assessed risk to the total possible risk to establish targets and to measure progress in reducing risk associated with its infrastructure. Risk, defined as the likelihood of a failure multiplied by the consequences of a failure, has been assessed in relative values. Numerically the risk ratio can be expressed as: Risk Ratio = $\frac{\sum \text{Assessed Current Risk}}{\sum \text{Total Possible Risk}}$	0.190	0.147	0.141	0.145
2. The number of dams requiring upgrades to meet dam safety criteria.	29	27	27	26

Although the number of dams assessed as needing upgrades fell from 27 to 26 over the year, the risk ratio increased from 0.141 to 0.145. Deferral of rehabilitation work at the Lac La Ronge control structure partially contributed to the increase. However, the increase in the risk ratio was primarily due to two other causes: continued deterioration of some facilities and previously unknown deficiencies at some structures. Infrastructure where risk ratings have increased include the Qu'Appelle River, Summercove, Theodore, Zelma, Lac La Plonge, and Makwa dams, the Lumsden Channel and the Katepwa Lake Outlet Channel.

Goal 1: Safe and Sustainable Water Supply

Objective 2: *Water Supply is Reliable*

Water is an essential resource for a range of domestic, agricultural, industrial and recreational uses.

The province allocates supplies for various uses, thereby removing water from the source water bodies. Our objective, in controlling water use, is to ensure needs are met and a new user does not take water already depended on by another person or business. Instream use of water is also important to the health of aquatic ecosystems.

Operation of provincial projects, such as the Authority's major dams and SaskPower's hydro operations, requires careful planning to achieve project objectives and minimize negative impacts on other uses of the resource. Reliable and extensive data are essential to ensure accurate forecasting supports operational planning.

Most climatologists agree that the earth's temperature is rising, leading to effects on other meteorological elements such as rain, snow, wind and the frequency of severe storms. These changes may impact on the province's water supply.

Significant progress continued on this objective with the Authority taking on the ground water monitoring network from Saskatchewan Research Council, continuing an effective allocation system to ensure sustainable water supplies, and making significant progress toward a water conservation plan.

Key Results

Complete and release a comprehensive Water Conservation Plan by December 2005. [2005 – 2006 planned result]

Extensive public consultation occurred on a water conservation plan for Saskatchewan and release and implementation of the plan is expected to proceed during 2006/07.

Represent provincial water management interests to meet First Nations, inter-provincial and international obligations by:

- ***Participating in negotiations with the Federal Government and Qu'Appelle Valley First Nations to resolve flood claims, and***

- ***Participating in the activities of the Prairie Provinces Water Board, Souris River International Board and Mackenzie Basin Board. [2005- 2006 planned result]***

The Authority participated in four separate sets of negotiations with Canada and the Qu'Appelle Valley First Nations and conducted research to ensure solid grounding for the provincial position. Negotiations are seeking a co-management agreement which meets the desire of all the First Nations for additional influence on water management in the Qu'Appelle. During the year all bands have rejoined negotiations, so the potential for settlements at all three lakes is possible. However, many issues remain to be resolved. Interim agreements allowed operation of the Echo Lake structure to control water levels during 2005, while the Round and Crooked lake structures remained open.

The Authority initiated a Pilot Project with the Pasqua First Nation, targeted at the development of a water co-management agreement. The agreement will need to be substantially complete before a final agreement can be reached with the First Nation to resolve the flood claim.

The Authority represented Saskatchewan at three Prairie Provinces Water Board meetings during the year. All of Saskatchewan's apportionment responsibilities were fulfilled, and the Authority actively contributed to Board activities including:

- a Battle River Natural Flow evaluation;
- the establishment of terms of reference for a Water Demand Database;
- a Conceptual Aquifer Plan Study;
- improved excursion reporting and spill report processes;
- the organization of an Instream Flow Needs workshop; and
- the creation of a Strategic Plan and Charter document for public distribution.

Refine and improve knowledge of provincial ground water resources by developing a long-term strategy to maintain a ground water observation network. [2005 – 2006 planned result]

Ground water activities previously performed by the Saskatchewan Research Council were successfully taken over by the Authority, which now fully operates the provincial ground water monitoring network. The agreement to formally transfer the network from the Research Council is being completed.

Provide information on water supplies to users, provide weekly and monthly water supply forecasts to Saskatchewan public, and direct the operations at SaskPower's hydroelectric generating facilities and advise Prairie Farm Rehabilitation Administration on the operation of their structures in southwest Saskatchewan and on the Qu'Appelle River. [2005 – 2006 planned result]

The Authority provided daily, weekly and monthly water supply forecasts and flood forecasts to the public and directed the operations at SaskPower's hydroelectric generating facilities. This was especially important during the spring, summer and fall flood events, when forecasts were crucial to manage risk associated with the flooding.

The Authority advised the Prairie Farm Rehabilitation Administration on operations in southwest Saskatchewan, specifically on apportionment obligations within the Frenchman River and the Battle and Lodge creeks contained in *The Boundary Waters Treaty*, and within the Swift Current Creek, Old Wives Lake and Big Stick Lake watersheds associated with irrigation delivery operations.

Introduce legislative amendments to create a faster and more effective drainage dispute resolution process. [2005 – 2006 planned result]

Amendments to the drainage complaint process were passed in the Saskatchewan Legislature during the spring 2005 session. Policy and implementation guidelines and procedures are under development and will be completed in the spring of 2006.

Review and revise operating plans for five of the 45 Authority-owned structures, including public consultation where necessary. [2005 – 2006 planned result]

A template was developed for the operating plans of the major Authority-owned structures. Development of operating plans will begin in 2006.

Allocate water and regulate water works through the issuance of Water Rights Licences, and Approvals to Construct and/or Operate, in a sustainable manner balancing water quality, environmental, social and economic objectives. [2005 – 2006 planned result]

Through the Authority's regional watershed structure, the following licenses and approvals were issued:

- Approvals to Construct – 17
- Approvals to Operate – 73

- Water Right Licences – 64
- Temporary Water Right Licenses – 2352
- Domestic purpose licenses – 244

Through the Authority ground water management services, 141 Water Rights Licences and Approvals to Operate were issued for ground water sources.

Continue to conduct water use audits of municipal, industrial/commercial and agricultural projects to ensure users are in compliance with water rights conditions and water usage is within allocated amounts. [2005 – 2006 planned result]

Forty-three water use audits were conducted on a variety of municipal, industrial and agricultural projects.

Measurement Results

There was one performance measure related to this objective: *number of detailed assessments conducted on water allocations for industrial projects*.

The Authority allocates water to industrial projects and imposes conditions such as reporting of water use, limit when water can be withdrawn, term of licence and no transfer of licence without prior approval of the Authority. The Authority conducts detailed assessments of industrial projects to determine actual water use and to determine if water use conditions imposed by the Authority are appropriate. The number of assessments conducted are also measured. The assessments will determine the need for the Authority to modify existing licenses and whether or not to consider adding new conditions to future licenses.

Performance Measure	2004-05	2005-06
Number of detailed assessments conducted on water allocations for industrial projects.	0	27

Goal 1: Safe and Sustainable Water Supply

Objective 3: *Flood Damage is Minimized*

Floods can impose significant costs in property damage and loss of production. The Authority works to minimize flood damage through the use of water management infrastructure and by predicting areas at risk of flooding to guide other departments, municipalities and business in reducing flood risk.

The Authority has developed two Performance Measures that indicate progress on small portions of the overall flood damage objective, and continues to assess other methods to measure final outcomes. However, the random nature of flood events makes the development of suitable measures challenging.

Rainfall through the spring, summer and fall created significant floods in the Saskatchewan and Churchill River systems and locally. This showed the value of ongoing flood protection work and challenged the Authority to provide peak flow estimates, assist as communities and facilities were threatened and, in the case of Cumberland House, evacuated. The Authority was successful in meeting its mandate through these floods and in continuing long-term flood protection activities, although some evaluation work was deferred due to the need to react to the flooding events.

Key Results

Review and update the Gardiner Dam Emergency Preparedness Plan. [2005 – 2006 planned result]

The Gardiner Dam Emergency Preparedness Plan was reviewed this year and mapping is currently being revised. The update of the plan will be completed later in 2006.

Initiate preparation of an Emergency Preparedness Plan for Alameda Dam. [2005 – 2006 planned result]

A consultant was engaged to undertake dam break analyses, inundation mapping and incremental consequence assessments for Alameda and Rafferty dams. The inundation mapping, which is a key component of an emergency preparedness plan, has been substantially completed. Preparation of the formal emergency preparedness plans will begin after the mapping is delivered by the consultant later in 2006.

Complete the Flood Damage Reduction Program mapping for Estevan and Weyburn and initiate updating the flood plain mapping for Prince Albert and Swift Current. [2005 – 2006 planned result]

The Estevan Flood Damage Reduction Program mapping was completed. The Authority has been working with the city of Weyburn and a consultant to develop the Weyburn flood plain mapping.

The initial review of Prince Albert and Swift Current flood plain mapping will occur later in 2006.

Evaluate the flood susceptibility of all proposed subdivisions forwarded by Government Relations for review under "The Planning and Development Act, 1983", and make recommendations to Community Planning Branch of Saskatchewan Government Relations on flood susceptibility. [2005 – 2006 planned result]

The Authority evaluated 89 proposed subdivisions for flood susceptibility for the Community Planning Branch, Saskatchewan Government Relations.

Work also continued with this Branch to review and revise proposed development bylaws for

the Rural Municipality of Corman Park. The Rural Municipality has accepted the flood hazard design proposed by the Authority and will seek to incorporate it into their bylaws, which may become difficult given the level of existing development in the Rural Municipality and the interest in further development on the floodplain in Corman Park.

Provide technical and financial support to Conservation and Development Area Authorities and Watershed Associations to maintain/rehabilitate locally owned existing water control infrastructure. [2005 – 2006 planned result]

Technical and financial support was provided through the Authority's Water Control programs. Activities included inspection of works for the identification of maintenance and capital improvement, and related administration support. The Authority contributed $297,800 towards maintenance and rehabilitation activities involving 86 applications for financial support.

Technical and financial support under the Channel Clearing Program directed $192,940 largely toward the removal of beaver dams from natural channels as a means of reducing flooding and related overbank erosion.

Initiate engineering assessments to determine the current physical condition of the water control infrastructure owned by Conservation and Development Area Authorities and Watershed Associations and of flood control infrastructure developed with provincial assistance by urban municipalities. [2005 – 2006 planned result]

One engineering assessment was initiated for a Conservation and Development Area Authority to create an evaluation process that will serve as an infrastructure management tool. Further work on this exercise was not completed due to pressures from other water management demands and activities.

In addition to these planned activities, the Authority undertook major work to predict and manage floods during the spring, summer and fall. A series of major rainfalls in Alberta produced significant floods in the Saskatchewan River system. Operation of the system was complicated because three major rain events triggered flood events in quick succession. The highest water flows seen in many years created operating challenges to which the Authority responded with flow predictions, operation of Gardiner Dam and direct assistance in determining levels needed for protective dykes. Flooding forced the evacuation of Cumberland House because high water threatened road access. Similar flooding occurred along the Churchill River and at several communities due to local rain events.

The Authority collected eggs from Piping Plover nests threatened by the flooding and rapidly increasing levels on Lake Diefenbaker. More than 100 of this endangered species were raised from the salvaged eggs and successfully released at Chaplin Lake. Sightings of banded birds showed that some of these birds successfully migrated to Texas.

Measurement Results

There are two Performance Measures for this objective: *the number of urban municipalities adopting acceptable flood hazard zoning bylaws;* and *the percentage of flood susceptibility studies on new subdivisions forwarded to Government Relations within 30 days.*

The first measure quantifies the number of urban municipalities that qualify for designation under the Flood Damage Reduction Program by adopting acceptable flood hazard zoning bylaws. Flood damages are largely, though not

exclusively, associated with urban development in flood prone areas. Therefore, one of the most effective ways of minimizing flood damage costs is by preventing inappropriate development in these areas. Given that these decisions are made by the municipalities, the results for this measure are largely out of the control of the Authority. However, the Authority can influence this measure by providing information on flood risk.

A total of 16 communities remain designated (unchanged from 2004/05): North Battleford and Battleford; Buffalo Narrows; Craven; Estevan; Fort Qu'Appelle; Ile-a-La-Crosse; La Ronge/ Air Ronge; Lebret; Lumsden; Melfort; Moose Jaw; Radville; Roche Percee; Tantallon; Tisdale; and Yorkton. In 2005/06 work was undertaken to bring a number of communities and Rural Municipalities closer to designation. These communities include Arborfield, Carrot River, Corman Park (RM), Cumberland House, Dundurn (RM), Maple Creek, Montrose (RM), Saskatoon, Weyburn, and Vanscoy (RM).

The second measure quantifies the number and timeliness of Authority reviews regarding proposed subdivisions to determine flood risk to the property. The assessment and comments are forwarded to Government Relations for their evaluation of the proposed subdivisions.

The determination of flood risk and susceptibility is key to minimization of flood damages. If the proposed subdivision of land is susceptible to flooding, new development in the flood plain can be prevented or restricted to minimize flood damages.

A total of 89 reviews were completed by the Authority. Of this, 62 reviews were completed and forwarded to Government Relations within 30 days (70%), slightly more than twice that of the previous year (34%).

Performance Measure	March 2003	March 2004	March 2005	March 2006
The number of urban municipalities adopting acceptable flood hazard zoning bylaws	16	16	16	16

Performance Measure	2004-05	2005-06
Number of detailed assessments conducted on water allocations for industrial projects.	0	27

Goal 2: Healthy Watersheds and Aquifers

Objective 1: *Source Waters and Watersheds are Protected*

Saskatchewan people depend on both surface and ground water sources to meet basic needs and to generate economic activity. Proper siting of a water supply and aggressively protecting it from potential contaminants are keys to providing a safe water supply.

The Authority is developing and adopting controls to provide multiple barrier protection for drinking water from source waters to the tap and made significant progress in all parts of the planning, implementation and monitoring cycle. The first two draft watershed plans were completed, the State of the Watershed Reporting Framework was released for comment and significant land use changes were affected to protect watersheds and aquifers.

Key Results

Watershed planning provides the basis for decision-making

Complete source water protection plans for the Assiniboine and Moose Jaw River watersheds, and the Yorkton aquifer, through the development of recommendations and the identification of key actions. [2005 – 2006 planned result]

The Saskatchewan Watershed Authority actively supports source water protection planning throughout the province. Excellent progress continues towards the development of plans with the assistance of local watershed and aquifer advisory committees, and the support of the technical committees. The 18 advisory committees are composed of representatives of municipal governments and First Nations, water entities established by legislation, and stewardship, producer, industry and other interest groups. Approximately 400 members contribute their perspectives and expertise, disseminate information to their communities, participate in awareness and stewardship activities, and in some areas, initiate activities to support source water protection.

A draft Source Water Protection Plan for the Moose Jaw River watershed is under public review and is expected to be released early in the new fiscal year. Similarly, plans are at an advanced stage for the Assiniboine watershed and the Yorkton aquifer and should be completed in coming months.

Finalize objectives and undertake data analyses in the Lower Souris, Upper Qu'Appelle, South Saskatchewan and North Saskatchewan River watersheds. [2005 – 2006 planned result]

The Lower Souris River Watershed Plan is progressing ahead of schedule and the final plan will be released early in the new fiscal year. In the Upper Qu'Appelle, South Saskatchewan and North Saskatchewan River watershed planning areas, good progress continues towards the completion of background reports and planning objectives.

Participate in the development of a river model for instream flow needs for the Saskatchewan River downstream of E.B. Campbell dam. [2005 – 2006 planned result]

The Authority partnered with SaskPower to collect and assess necessary data to develop an in-stream flow model.

Prepare and publish a State of the Watershed Report. [2005 – 2006 planned result]

The State of the Watershed Reporting Framework was released to report on a standardized set of indicators, combined with a rating scheme, to assess and communicate the health of Saskatchewan's watersheds in an easy to understand report card style format.

Ensure that watersheds are protected

Complete a Drainage Policy which will guide government's approach to regulating and managing drainage and wetland retention issues. [2005 – 2006 planned result]

Work continues on the policy in consultation with identified stakeholder groups and involved government departments. A discussion paper was completed and presented during the last quarter of the fiscal year. The over-arching policy will be completed by the fall of 2006.

Work with partners to prepare a strategic plan for North American Waterfowl Management Plan programs in the Prairie Habitat Joint Venture. [2005 – 2006 planned result]

The Authority worked with partners to develop a plan that has been endorsed by the Prairie Habitat Joint Venture Advisory Board.

Increase the awareness of the relationships between agricultural activities, source water protection and ecological function through extension activities and the development of best management practices plans with a minimum of 300 producers. [2005 – 2006 planned result]

Approximately 15,000 acres of cultivated land was seeded to perennial cover through Authority programming. Potential future benefits to watersheds, including reduced soil erosion, reduced sedimentation of surface water bodies and improved condition of native rangelands.

Authority staff participated in Environmental Farm Planning workshops as technical advisors, workshop planners and coordinators, and assisted approximately 920 producers with the development of formal or informal Best Management Practice plans.

Significant progress in increasing public awareness of abandoned wells continued. Presentations on well decommissioning were made to environmental farm plan facilitators, the Saskatchewan Water and Waste Water Association, and Saskatoon Health District public health inspectors. A proposal to the National Water Supply Expansion Program was successful and seven well decommissioning field days were held. Discussions with the Prairie Farm Rehabilitation Administration and the provincial Water Well Drillers Association, both of whom would be key program participants, are ongoing.

Measurement Results

The Authority uses two performance measures to evaluate progress for this objective: *the number of completed watershed and aquifer plans;* and *the Water Quality Index ratings for watersheds with the province.*

Protection of source waters and watersheds will be achieved through a cycle of planning, implementation and monitoring. As the initial step in the process, planning is essential because it identifies the most important activities that must be undertaken to protect the watershed.

Performance Measure	March 2004	March 2005	March 2006
Number of completed watershed and aquifer plans	0 Completed 7 Underway	0 Completed 7 Underway	0 Completed 2 Draft Plans 5 Underway

Water Quality Index ratings for watersheds with the province.

The 2005/06 data is not available for any of the watersheds utilized in this performance measure (*Churchill River, Assiniboine River, Beaver River, North Saskatchewan River, South Saskatchewan River, Saskatchewan River Basin, Qu'Appelle River*[1], *Souris River, Moose Jaw River*).

[1]Data entry for 2005-2006 is incomplete at this time and therefore no index can be calculated.

Goal 2: Healthy Watersheds and Aquifers

Objective 2: *Public is Aware of the Importance of Healthy Watersheds*

Many actions to protect water can only be accomplished at the initiative of or in partnership with Saskatchewan citizens. Success of the Authority's programs is therefore dependent on the public's understanding of the importance and benefits of source water protection. This is especially true for watershed and aquifer planning, which is designed to be a community-based plan and so depends on an aware and participating public. Other initiatives, such as water conservation and adoption of beneficial management practices, are similarly dependent on public awareness.

Because the water conservation plan was not finalized, the education and awareness program on water conservation was not initiated, but substantial success was achieved in expanding classroom education programs and creating awareness of and support for watershed and aquifer planning and other Authority programs.

Key Results

Develop and implement communication plans to support the watershed and aquifer planning processes. [2005 – 2006 planned result]

The Authority developed communication plans to support planning activities in the seven priority watersheds. Activities included production and distribution of the Upper Qu'Appelle newsletter "Getting to the Source," feature articles in local papers, and posting information to the Authority's website. A template was developed for public awareness campaigns to support the release of source water protection plans in the Lower Souris and Moose Jaw River watersheds. The template included a brochure, poster, advertisement, summary document of draft plans, and the final report. These items were produced and distributed in advance of open houses held for the release of these plans.

Develop an education and awareness program promoting water conservation. [2005 – 2006 planned result]

The Authority initiated work on developing a targeted educational approach for water conservation. Program details will be completed during the 2006/07 fiscal year.

Promote watershed stewardship by publishing the Prairie Update newsletter and promoting best management practices through the weekly press, partner communication vehicles, signage and trade show displays. [2005 – 2006 planned result]

Active promotion and marketing of watershed stewardship continued. Activities included the:

- publication of four issues of the quarterly Prairie Update,
- airing of a series of 30-second radio advertisements discussing watershed related issues (quality, quantity, conservation, infrastructure, etc.) on 24 Saskatchewan radio stations,
- launch of new newsletters in the Upper Qu'Appelle and Missouri Coteau areas in support of stewardship programs,
- continued publication of newsletters in the East Central and Northwest areas,
- development of a booklet on the North American Waterfowl Management Plan,
- writing and distribution of profile articles to Saskatchewan weekly newspapers,
- publication of a information brochure on the Lake Stewardship Program,
- participation in 12 trade shows,
- promotion of workshops and field days, and
- airing of a series of six, 30-second radio spots detailing various Best Management Practices for the East Central area in conjunction with GX94 Yorkton.

Enhance Authority sponsored educational programs by expanding the core group of trained facilitators who assist with the delivery of environmental education programs (Project WET, Project WILD), which are directly linked to the Saskatchewan curricula, and assisting facilitators to deliver workshops to teachers in the Kindergarten to Grade 12 system and to students in the Faculty of Education (University of Regina) and the College of Education (University of Saskatchewan). [2005 – 2006 planned result]

During the 2005/06 Academic Year:

- Three professional development leadership workshops were co-ordinated and delivered by the Authority: two offered advanced training and a total of 55 teacher facilitators were certified.

- The Authority co-ordinated and sponsored the delivery of 38 Project WILD and Project WET teacher professional development workshops, certifying a total of 788 registrants.

- The Authority expanded its extension teacher education programming to include all six Aboriginal Teacher Education programs on seven campuses, in addition to programming offered to the Faculty of Education at University of Regina and the College of Education at the University of Saskatchewan.

- Additional educational events co-ordinated and delivered by the Authority with partners included two Project WET 'SPLASH! Water Festival' events, one at Cypress Hills Inter-provincial Park and one at Redberry Lake with a total of 467 children, youth, parents and other adults attending.

- In partnership with Agri-Ed, a four-day Project WET 'EarthSongs' event was delivered at Agribition with 1068 students, teachers and parents attending.

Develop a native prairie teacher activity guide, linked to the Saskatchewan curriculum, for grades 1 to 5 and make it available on the Authority's website. [2005 – 2006 planned result]

Drafts of the grades 1 and 2 components of the Native Prairie Curriculum Guide are finalized and designs for the lesson plans and wildlife cards to be posted on the website are being prepared.

Measurement Results

One performance measure for this objective has been developed: the number of teachers attending Project WET and Project WILD workshops. Data are presented for the academic year, which ends in June. This is an important measure of the success of our classroom education programs, as it is the teachers who take these workshops and then take the education messages to students. Growth in the program shows the results of increased effort directed to promoting Project WILD and Project WET, as well as the enthusiasm of the province's educators.

Performance Measure	Teachers attending Workshops	June 2004	June 2005
The number of teachers attending Project WET and Project WILD workshops	Project WET Project WILD	128 196	313 572

Financial Statements

for the fiscal year ending
March 31, 2006

Management's Responsibility for Financial Reporting

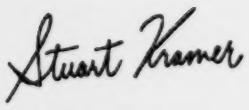
Management has prepared the financial statements of the Authority in accordance with Canadian generally accepted accounting principles for government organizations. The financial data included elsewhere in this report is consistent with the financial statements and the underlying information from which the Authority prepared these financial statements.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfill this responsibility, the Authority maintains appropriate systems of internal controls, policies and procedures. These systems provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Authority.

MeyersNorrisPenny LLP, the Authority's external auditors, have examined the March 31, 2006 financial statements and their report follows.

The Board of Directors of Saskatchewan Watershed Authority has examined and approved the statements.

On behalf of the Authority,



Stuart Kramer
President

May 5, 2006

Auditors' Report

To the Members of the Legislative Assembly Province of Saskatchewan:

We have audited the statement of financial position of Saskatchewan Watershed Authority as at March 31, 2006 and the statements of operations and accumulated surplus, and supporting schedules, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Saskatchewan Watershed Authority as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for government.

Regina, Saskatchewan

May 5, 2006

Meyers Norris Penny LLP

Chartered Accountants

Statement 1

Statement of Financial Position

As at March 31

	2006	2005
	(Thousands of Dollars)	
FINANCIAL ASSETS		
Cash and short-term investments (note 3)	$ 5,500	$ 1,653
Accounts receivable	5,446	4,955
	10,946	6,608
LIABILITIES		
Accounts payable	1,835	1,911
Deferred revenue (note 4)	1,317	1,471
Other long-term obligations (note 5)	589	721
	3,741	4,103
NET FINANCIAL ASSETS	7,205	2,505
NON FINANCIAL ASSETS		
Tangible capital assets (note 7)	303,410	303,711
Prepaid expenditures and supplies	292	177
	303,702	303,888
ACCUMULATED SURPLUS	$ 310,907	$ 306,393

Commitments and contingencies (note 8)

See accompanying notes

On behalf of the Board:

Lily Allanchaussee

Director

Statement 2

Statement of Operations and Accumulated Surplus

Year Ended March 31

	Budget (note 11)	2006	2005
		(Thousands of Dollars)	
REVENUE			
Government of Saskatchewan			
- General Revenue Fund	$ 6,165	$ 6,165	$ 6,118
- Fish and Wildlife Development Fund	828	828	828
Water revenue	11,470	16,276	10,468
Contract revenue (Schedule 1)	450	2,285	1,052
Other	1,566	1,784	1,734
	20,479	27,338	20,200
EXPENSES (Schedule 2)			
Operations	7,915	6,472	6,452
Water management	5,561	6,030	5,326
Grants to clients (note 6)	1,392	2,002	1,344
Water management infrastructure	288	381	291
Stewardship	2,213	4,332	3,120
Interest	42	69	39
Amortization of tangible capital assets	3,480	3,538	3,486
	20,891	22,824	20,058
Annual Surplus (Deficit)	(412)	4,514	142
Accumulated Surplus – beginning of year	306,393	306,393	306,251
Accumulated Surplus – end of year	$ 305,981	$ 310,907	$ 306,393

See accompanying notes

Statement 3

Statement of Change in Net Financial Assets

Year Ended March 31

	2006	2005
	(Thousands of Dollars)	
ANNUAL SURPLUS	$ 4,514	$ 142
Acquisition of tangible capital assets	(3,321)	(3,401)
Amortization of tangible capital assets	3,538	3,486
Loss on sale of tangible capital assets	13	-
Proceeds on sale of tangible capital assets	71	9
	4,815	236
Usage (Acquisition) of prepaid expenses and supplies	(115)	7
Increase in net financial assets	4,700	243
Net financial assets – beginning of year	2,505	2,262
Net financial assets – end of year	$ 7,205	$ 2,505

See accompanying notes

Statement 4

Statement of Cash Flows

Year Ended March 31

	2006	2005
	(Thousands of Dollars)	
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES:		
Surplus for the year	$ 4,514	$ 142
Items not affecting cash:		
Amortization of tangible capital assets	3,538	3,486
Net change in non-cash balances relating to operations:		
Accounts receivable and prepaids	(606)	(1,145)
Accounts payable and long-term obligations	(208)	288
Deferred revenue	(154)	255
Loss on sale of tangible capital assets	13	-
	7,097	3,026
CAPITAL TRANSACTIONS:		
Acquisition of tangible capital assets	(3,321)	(3,401)
Proceeds on sale of tangible capital assets	71	9
	(3,250)	(3,392)
Change in cash during the year	3,847	(366)
Cash and short-term investments – beginning of year	1,653	2,019
Cash and short-term investments – end of year	$ 5,500	$ 1,653

See accompanying notes

Notes to the Financial Statements *March 31, 2006*

1. STATUS OF THE SASKATCHEWAN WATERSHED AUTHORITY

The Saskatchewan Watershed Authority (the Authority) was established on October 1, 2002, under the authority of **The Saskatchewan Watershed Authority Act**. The Authority is a Treasury Board Crown corporation within the meaning of **The Crown Corporations Act, 1993**. The Authority is a continuing corporation of the Saskatchewan Wetland Conservation Corporation, established by Order in Council 29/90 dated January 10, 1990.

On October 1, 2002, the Saskatchewan Water Corporation transferred involvement in water management activities to the Saskatchewan Watershed Authority. These activities include the operations, maintenance and rehabilitation of provincially-owned water infrastructure including dams and conveyance channels, as well as the hydrometric, forecasting and regulatory functions of the Corporation.

In accordance with the provisions of **The Saskatchewan Watershed Authority Act, 2005** the Authority's general powers and purposes are to manage, administer, develop, control and protect the water, watersheds and related land resources of Saskatchewan and to promote the economical and efficient use, distribution and conservation of the water, watersheds and related land resources.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using Canadian generally accepted accounting principles appropriate for the public sector. The following accounting principles are considered to be significant:

Tangible Capital Assets
Capital assets are recorded at cost. Internally provided engineering and technical services are capitalized at charge out rates designed to recover salaries, benefits and overhead. The objective of this policy is to recognize the approximate value of design, supervision and administrative services rendered by Authority employees on construction projects. As well, the Authority capitalizes interest expense on debt relating to specific construction projects. Charges for amortization are calculated at the following annual rates:

Tangible Capital Assets	Method	Rate
Buildings and leaseholds	straight-line	2.5% to 5%
Maintenance equipment	diminishing balance or straight-line, as appropriate	6.67% to 30%
Office equipment	straight-line	10% to 33.3%
Water infrastructure	straight-line	1.67% to 2.5%

Grants from the General Revenue Fund

Under the authority of Section 27 of **The Saskatchewan Watershed Authority Act, 2005** the Authority receives grants from the General Revenue Fund out of monies appropriated by the legislature. These grants are recorded as revenue when received and are used to fund grant programs, water management infrastructure rehabilitation expenditures and operations.

Revenue Recognition

Contractual revenue received by the Authority from third parties for specific purposes is recognized as revenue in the year in which the related expenditures are incurred. Other contractual revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grants to Clients

Grants provided to clients for a variety of programs are recorded as an expenditure to the Authority if the final approval for the grant payment was made during the year. Where the Authority enters into contractual agreements for project construction under various assistance programs, expenditures are accounted for on an accrual basis.

Post Retirement Benefits Other Than Pension

The Authority administers a benefit relating to a retirement allowance which is paid to eligible employees upon retirement. The Authority has adopted the accrual method of accounting for this benefit whereby the cost of providing the benefits is recorded when the related services of employees are performed.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the estimated cost of tangible capital assets and useful lives of assets for amortization periods.

3. CASH AND SHORT-TERM INVESTMENTS

Short-term investments are term deposits that are readily convertible to cash and with maturities of three months. The carrying value approximates their market value.

	2006	2005
	(Thousands of Dollars)	
Cash	$ 3,519	$ 1,653
Short-term investments	1,981	-
	$ 5,500	$ 1,653

4. DEFERRED REVENUE

At year-end, the Authority has received funding for various projects but has not yet completed the projects. The balance that remains in deferred revenue includes the depredation fund established for the Souris Basin project to deal with wildlife and waterfowl depredation prevention and compensation.

	2006	2005
	(Thousands of Dollars)	
Balance, beginning of year	$ 1,471	$ 1,216
Contractual revenues received	68	281
Amortization of revenue	(222)	(26)
	$ 1,317	$ 1,471

5. OTHER LONG-TERM OBLIGATIONS

The retirement allowance, which is an unfunded employee benefit, is discounted at an interest rate of 4.75% (2005 – 4.50%). The amount of allowances disbursed in the year was $31,400 (2005 - $14,030).

6. GRANTS TO CLIENTS

Included in expenditures are grants or assistance provided to various persons and organizations to carry out a variety of programs administered by the Authority. In addition, where the condition of financial assistance for certain programs requires the Authority to provide engineering or technical services, an allocation of salaries to grant expenditure is made. Particulars of these grants, including salary allocation of $393,900 (2005 - $346,800), by program, are as follows:

	2006	2005
	(Thousands of Dollars)	
Flood Control and Drainage	$ 721	$ 643
Water Quality	272	149
Stewardship	813	425
Pumping Equipment Rental Program	196	127
	$ 2,002	$ 1,344

7. TANGIBLE CAPITAL ASSETS

	2006 (Thousands of Dollars)			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 5,155	$ -	$ 5,155	$ 5,155
Buildings and Leaseholds improvements	237	148	89	76
Maintenance equipment	2,187	1,582	605	533
Office equipment	710	415	295	213
Water infrastructure	374,219	76,953	297,266	297,734
	$ 382,508	$ 79,098	$ 303,410	$ 303,711

8. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

As of March 31, 2006, the Authority has outstanding commitments of $787,200 (2005 - $1,116,300) for construction contracts, consulting agreements, and landowner agreements.

Leases

The Authority has entered into various operating lease agreements with the following minimum lease payments:

	(Thousands of Dollars)
2007	$ 997
2008	965
2009	950
2010	793
2011	603
2012 and thereafter	2,753
	$ 7,061

Litigation

The Authority is party to a number of lawsuits and has provided for these claims in its accounts in accordance with management's best estimates and the advice received from legal counsel. The Authority intends to account for any differences which may arise, between amounts provided and amounts expended, in the period in which the claims are resolved.

9. RELATED PARTY TRANSACTIONS

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Authority by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year-end, are as follows:

	2006	2005
	(Thousands of Dollars)	
Water, contract and other revenue	$ 16,911	$ 10,358
Expenditures	3,460	2,892
Accounts receivable	4,110	3,718
Accounts payable	608	362

Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

10. FINANCIAL INSTRUMENTS

The Authority's recognized financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and other long-term obligations.

Credit Risk
The Authority is exposed to credit risk from the potential default of customers. However, the majority of the Authority's accounts receivable are from related parties, other government corporations and agencies.

Fair Values
The fair values of cash, short-term investments, accounts receivable and accounts payable approximate their carrying value due to the short-term nature of these instruments. Fair values of other long-term obligations approximate their carrying values. These were estimated using current discount rates.

11. BUDGET FIGURES

The budget figures are presented for comparison purposes. The Authority's Board of Directors approved this budget on March 4, 2005.

Schedules for Year Ended March 31

Schedule 1 - Contract Revenue

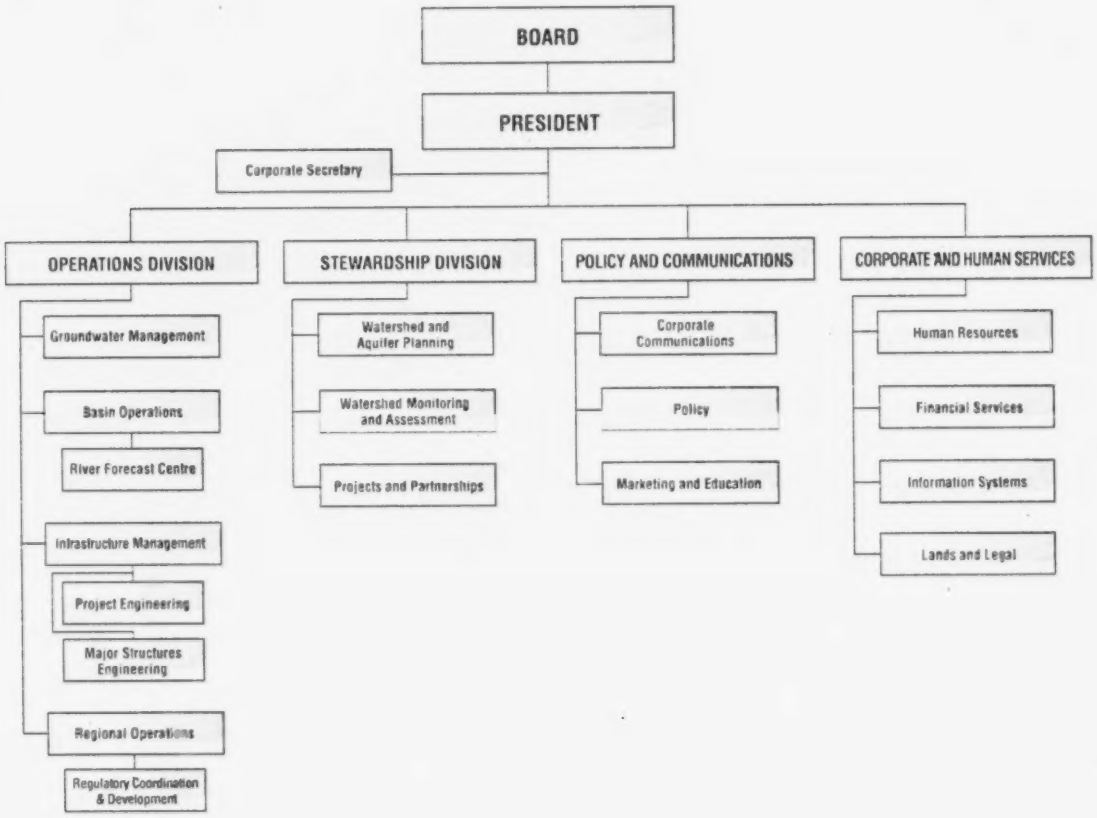
	2006	2005
	(Thousands of Dollars)	
Canadian Wildlife Service	$ 250	$ 250
Environment Canada	259	329
Wildlife Habitat Canada	78	71
United States - Federal and State	121	6
Canada Saskatchewan Water Supply Expansion Program	434	-
Other	1,143	396
	$ 2,285	$ 1,052

Schedule 2 - Expenses by Program

	Operations	Water Management	Grants to Clients	Water Management Infrastructure	Stewardship	Interest & Amortization	2006 Total	2005 Total
							(Thousands of Dollars)	
Salaries and benefits	$ 12,330	$ -	$ -	$ -	$ -	$ -	$ 12,330	$ 11,482
Travel and other staff costs	530	313	91	9	417	-	1,360	1,149
Professional services	150	110	113	77	198	-	648	426
Office supplies	643	39	5	1	52	-	740	736
Materials	9	112	11	1	98	-	231	181
Contractual services	177	1,122	15	-	120	-	1,434	974
Cash grants	-	-	1,305	-	-	-	1,305	824
Salary allocations	(8,953)	4,066	394	290	3,271	-	(932)	(1,070)
Other expenses	1,586	268	68	3	176	3,607	5,708	5,356
Total	$ 6,472	$ 6,030	$ 2,002	$ 381	$ 4,332	$ 3,607	$ 22,824	$ 20,058

Appendix 1

Organizational Structure



Regions and Offices

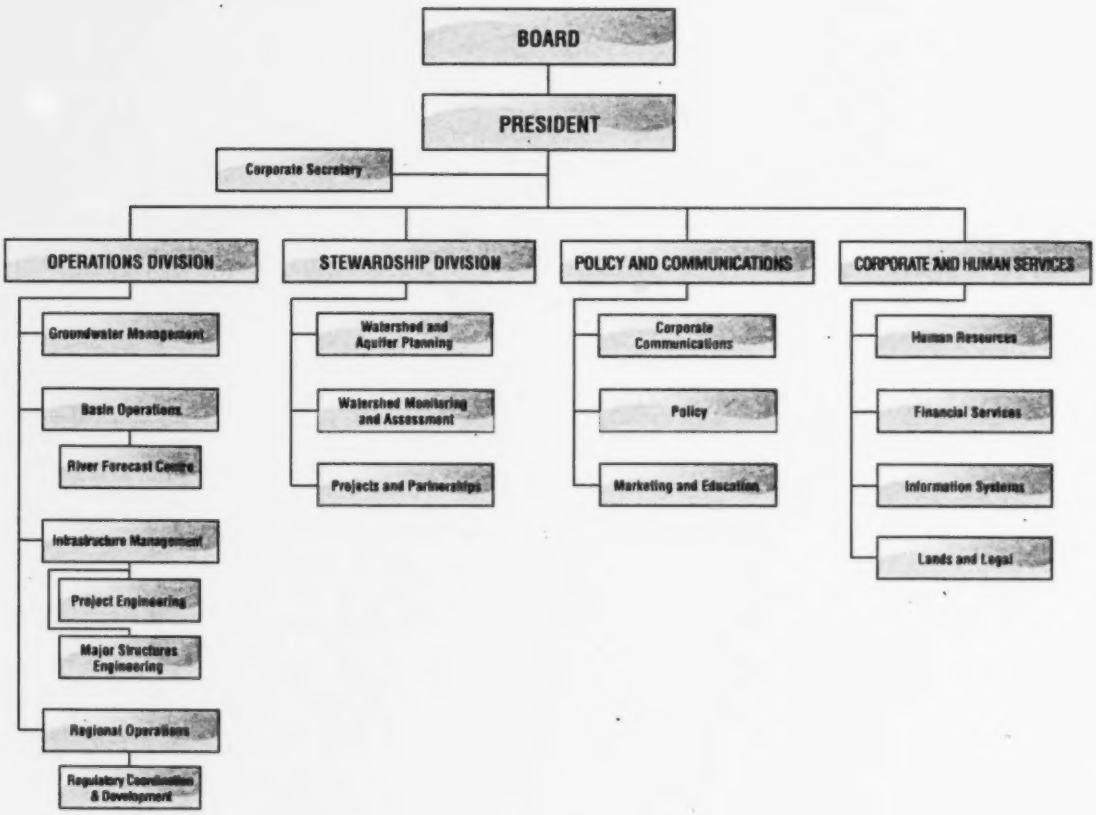
★ Head Office
▲ Regional Office

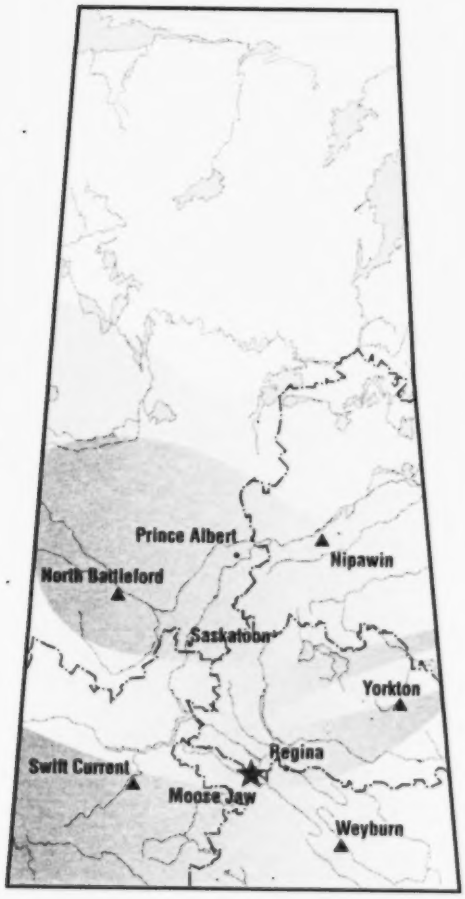
Saskatchewan Watershed Authority Advisory Committee (as of March 31, 2006)

- Dr. Ray Fast, Chair, Partners for the Saskatchewan River Basin
- Donna L. Birkmaier, Saskatchewan Urban Municipalities Association
- Marie-Ann Bowden, Saskatchewan Eco-Network
- Solomon Carriere, Member at Large
- Cynthia Edwards, Ducks Unlimited Canada
- James Harvey, Saskatchewan Irrigation Projects Association
- Beth Henderson, Saskatchewan Women's Agricultural Network
- Larry Kratt, Canadian Association of Petroleum Producers
- Susan Lamb, Meewasin Valley Authority
- Larry Lenton, Prairie Farm Rehabilitation Administration
- Merlin McFarlane, Saskatchewan Conservation and Development Association
- Larry Oakes, Nekaneet First Nation, Federation of Saskatchewan Indian Nations
- Terry Ostrander, Saskatchewan Stock Growers Association
- George Smith, Member at Large
- Don Taylor, Saskatchewan Association of Rural Municipalities
- Randy Wells, Member at Large
- Ray Wild, Saskatchewan Wildlife Federation
- Doug Wilson, Provincial Association of Resort Communities of Saskatchewan

Appendix 1

Organizational Structure





Regions and Offices

★ Head Office
▲ Regional Office

Saskatchewan Watershed Authority Advisory Committee (as of March 31, 2006)

- Dr. Ray Fast, Chair, Partners for the Saskatchewan River Basin
- Donna L. Birkmaier, Saskatchewan Urban Municipalities Association
- Marie-Ann Bowden, Saskatchewan Eco-Network
- Solomon Carriere, Member at Large
- Cynthia Edwards, Ducks Unlimited Canada
- James Harvey, Saskatchewan Irrigation Projects Association
- Beth Henderson, Saskatchewan Women's Agricultural Network
- Larry Kratt, Canadian Association of Petroleum Producers
- Susan Lamb, Meewasin Valley Authority
- Larry Lenton, Prairie Farm Rehabilitation Administration
- Merlin McFarlane, Saskatchewan Conservation and Development Association
- Larry Oakes, Nekaneet First Nation, Federation of Saskatchewan Indian Nations
- Terry Ostrander, Saskatchewan Stock Growers Association
- George Smith, Member at Large
- Don Taylor, Saskatchewan Association of Rural Municipalities
- Randy Wells, Member at Large
- Ray Wild, Saskatchewan Wildlife Federation
- Doug Wilson, Provincial Association of Resort Communities of Saskatchewan

For More Information

More information can be obtained by visiting the Authority's website at www.swa.ca, calling its head office in Moose Jaw at 306-694-3900, or contacting the water inquiry line toll free at 1-866-SASK-H2O (1-866-727-5420).

Saskatchewan Watershed Authority
Payee Information for the Year Ended March 31, 2006

GENERAL COSTS

Listed are payees who received $50,000 or more for the provision of goods and services:

101073587 Saskatchewan Ltd.	$	51,602
ABC Electric & Furniture Ltd.		55,439
ASL Paving Ltd.		285,889
BTS Group Inc.		64,960
Clark's Supply & Service Ltd.		73,152
Ducks Unlimited Canada		72,639
Fairford Developments Inc.		611,650
H.C.L. Construction Ltd.		459,163
Henderson Insurance Inc.		73,788
Information Services Corp. of Sask		140,789
J.J. Barnicke Saskatoon Ltd.		232,455
Jump.Ca		118,811
Kanuka Thuringer - In Trust		58,117.
Kontzamanis Graumann Smith		83,232
Meyers Norris Penny LLP		50,003
Receiver General for Canada		626,304
Royal Bank of Canada – Chaseheld		55,268
Sask Power		102,567
Sask Property Management		1,108,113
Sask Research Council		489,315
Sask Tel CMR		167,045
Sask Tel Mobility		62,018
Sask Water Corporation		75,607
SonTek / YSI Inc.		51,868
Souris Valley Paving Inc.		60,173
Wawryk Associates Ltd.		180,985
WBM Office Systems		96,896
Westridge Construction Ltd.		816,434
Supplier Payments Under $50,000		2,593,178
Total Payments to Suppliers	**$**	**8,917,459**

PERSONAL SERVICES

Listed are individuals who received payments for salaries, wages and taxable benefits which total $50,000 or more:

Name	**Amount**	
Acharya, Mohanath	$	61,455
Anderson, Donald		53,427
Anderson, Margaret		68,366
Ashdown, Brad		54,945
Barkway, Terry		80,814
Belitski, Reynold		58,757
Bishko, Andre		53,656
Bryck, Murray		87,747
Carles, Bob		109,977
Chamulak, Terry		70,768
Chandna, Dharam Pal		70,791
Davies, John-Mark		60,331
Dill, Donald		87,747
Duncan, William		108,221

Saskatchewan Watershed Authority
Payee Information for the Year Ended March 31, 2006

Durbin, John	69,690
Eberle, Harvey	60,513
Euteneier, Dalvin	80,679
Fahlman, John	82,566
Feigel, Jeff	54,435
Fox, Frank	60,410
French, Malcolm	69,682
Gehl, Peter	67,129
Gerhart, James	96,931
Gobert, Garnet	71,851
Graham, Kevin	53,427
Graham, Larry	67,604
Grajczyk, Martin	66,787
Grigg, John	61,315
Hagen, Gordon	64,003
Hanley, P Terry	93,224
Harrison, Tom	84,993
Hjertaas, Dale	97,137
Hosler, Lyle	70,791
Hrynkiw, Irene	54,024
Hrynkiw, Timothy	59,055
Hymers, Eldon	87,747
Hymers, Terry	94,425
Ireland, Bryan	116,259
Johnson, Douglas	94,425
Johnson, Russell	79,737
Kaminski, Thomas	57,455
Keller, Alan	51,218
Kilgour, Douglas	70,791
Kirkness, Robert	66,787
Kozusko, Douglas	70,791
Leslie, Cameron	58,508
Lo, Kei	54,725
Maciag, Joseph	80,964
Mackisey, Roberta	54,054
McDonald, Glen	87,897
McGill, Daniel	57,227
McIntosh, Harlow	61,939
McMaster, Glen	74,004
Metz, Sharon	70,791
Molde, Clinton	87,747
Newcombe, Donald	60,410
Oegema, Bart	76,442
Olson, Jeffrey	57,743
Parker, Robert	89,061
Prouten, Kevin	74,713
Rogal, Casmir	66,796
Ross, Susan	90,555
Rowlett, Dwayne	80,128
Salamon, John	55,638
Shaheen, Nolan	94,545
Sketchell, Joanne	87,747
Soar, Denise	55,902

Saskatchewan Watershed Authority
Payee Information for the Year Ended March 31, 2006

Springer, Robert		60,110
Suchan, Murray		60,569
Taylor, Barry		66,787
Thomson, Warren		60,410
Tod, Robin		75,312
Truelove, Dennis		52,273
Tuchscherer, Jonathan		94,101
Waggoner, James		87,747
Wiebe, Robert		90,696
Will, Gordon		79,965
Young, Allan		59,520
Salaries and taxable benefits under $50,000		5,014,906
Total Salaries and taxable benefits	**$**	**10,682,815**
Employee Benefits		1,668,464
Employee Travel and other costs		1,360,115
Total Employee Costs	**$**	**13,711,394**
TOTAL EXPENDITURES	**$**	**22,628,853**